



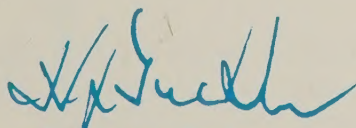
In both European and North American stock markets the dominant, though not universal, trend during the first seven months of 1967 was one of continuing recovery under the beneficial influence of easier money. While there was some check to the pace of economic advance in several leading countries, only in Germany did it reach the proportions of a sizable recession. Thus on present indications it appears that for the advanced countries of the Western world the year 1967 will be one of healthy readjustment and moderate growth.

The major exceptions to this trend are France and Italy, where stock market sentiment has been dampened by developments that are primarily political, and Great Britain, which has yet to solve its long-standing balance of payments problem. However, preoccupation with this problem did not prevent British stock prices from achieving further recovery, just as the existence of the most severe recession in many years has not prevented German markets from advancing. In Germany, as in Canada and the United States, the recovery appears to be supported by an economy that is fundamentally sound and competitive. In Japan, the most dynamic of all free enterprise economies today, there has been a resumption of rapid growth in the economy, although the balance of payments has recently caused some concern.

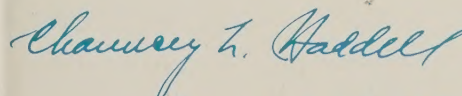
One widely apparent tendency among investors has been a growing readiness to emphasize commitments in companies which appear to offer superior prospects of continuing growth in earnings. Both in the United States, where many such companies are to be found, and in other countries your management has increasingly emphasized holdings of this kind.

On August 24, 1967, the directors of United Funds Canada-International Ltd., declared a dividend of  $3\frac{1}{2}\%$  per share payable September 14, 1967 to shareholders of record August 25, 1967.

The Fund's net asset value at July 31, 1967 was \$5.98 per share, which compares with \$5.07 per share at July 31, 1966 and \$5.09 per share at January 31, 1967.



Sir Henry Tucker  
Chairman



Chauncey L. Waddell  
President



## HISTORICAL INFORMATION

Year Ended July 31	1964	1965	1966	1967
Asset value	\$5.63	\$5.45	\$5.07	\$5.98
Dividends from investment income	3.75¢	8.00¢	7.30¢	7.00¢
Distribution from securities profits	—	6.25¢	5.70¢	—

The above figures:

- (a) have been adjusted to reflect the stock dividend of United Funds Canada Ltd. on December 2, 1964, which was equivalent to a four for one stock split;
- (b) exclude the figures of United International Fund Ltd. prior to December 31, 1964, the date of its merger with United Funds Canada Ltd.



# INVESTMENT PORTFOLIO

IN UNITED STATES DOLLARS

JULY 31, 1967

## COMMON STOCKS

### SHARES

### MARKET VALUE

#### ELECTRICAL AND ELECTRONICS 16.7%

BURROUGHS CORPORATION .....	1,000	\$ 141,625
CONTROL DATA CORPORATION (a) .....	3,000	358,500
L. M. ERICSSON "B" .....	6,982	352,521
FAIRCHILD CAMERA & INSTRUMENT CORPORATION .....	3,750	393,750
MEMOREX CORP. (a) .....	2,000	335,000
SPERRY RAND CORPORATION (a) .....	3,000	112,500
		<hr/> 1,693,896

#### AEROSPACE 3.7%

LING-TEMCO-VOUGHT, INC. ....	1,000	197,000
McDONNELL-DOUGLAS CORPORATION .....	3,360	180,600
		<hr/> 377,600

#### INSURANCE 3.0%

ASSICURAZIONI GENERALI DI TRIESTE E VENEZIA .....	1,000	153,550
NATIONALE NEDERLANDEN N.V. ....	FL96,800	148,772
		<hr/> 302,322

#### DRUGS AND COSMETICS 8.7%

N.V. KONINKLIJKE ZWANENBERG-ORGANON ....	3,920	191,727
SCHERING A.G. ....	DM211,750	272,438
SHISEIDO CO. LTD. ....	200,000	412,000
		<hr/> 876,165

#### CHEMICAL 3.4%

FARBENFABRIKEN BAYER A.G. ....	3,300	108,834
JEFFERSON LAKE PETROCHEMICALS OF CANADA LTD. ....	5,000	230,850
		<hr/> 339,684

#### OIL 6.3%

COMPAGNIE INDUSTRIELLE MARITIME .....	457	21,081
IMPERIAL OIL LIMITED .....	7,000	435,260
ROYAL DUTCH PETROLEUM N.V. ....	2,500	90,600
SOCIETE NATIONALE DES PETROLES D'AQUITAINE (S.N.P.A.) .....	800	92,904
		<hr/> 639,845



**INVESTMENT PORTFOLIO**  
IN UNITED STATES DOLLARS

**JULY 31, 1967**

**COMMON STOCKS (Continued)**

		<u>SHARES</u>	<u>MARKET VALUE</u>
<b>METALS AND MINING</b> 9.6%	COMPAGNIE DE PRODUITS CHIMIQUES ET ELECTROMETALLURGIQUES PECHINEY .....	4,500	\$ 166,050
	FALCONBRIDGE NICKEL MINES LIMITED .....	4,500	371,700
	THE INTERNATIONAL NICKEL COMPANY OF CANADA, LIMITED .....	4,500	459,405
			<hr/> 997,155
<b>MERCHANDISING</b> 10.2%	ALBERT HEIJN N.V. ....	FL60,500	155,866
	OSHAWA WHOLESALE "A" .....	20,000	835,200
	LA RINASCENTE PER L'ESERCIZIO DI GRANDI MAGAZZINI S.p.A. ....	92,000	46,920
			<hr/> 1,037,986
<b>IRON AND STEEL</b> 0.3%	SOCIETA FINANZIARIA SIDERURGICA PER AZIONI, WARRANTS (a) .....	355,500	25,774
<b>FOOD PRODUCTS AND BEVERAGES</b> 3.7%	DISTILLERS CORPORATION—SEAGRAMS LTD. ....	10,500	377,580
<b>REAL ESTATE</b> 0.8%	CREDIT FONCIER ET IMMOBILIER .....	43	1,498
	SOCIETA GENERALE IMMOBILIARE DI UTILITA PUBBLICA ED AGRICOLA .....	100,000	79,000
			<hr/> 80,498
<b>PIPELINES AND UTILITIES</b> 1.3%	TENNECO CORPORATION (a) .....	5,000	133,125



**INVESTMENT PORTFOLIO**  
IN UNITED STATES DOLLARS

**JULY 31, 1967**

**COMMON STOCKS (Continued)**

SHARES

MARKET VALUE

**MISCELLANEOUS**  
**15.8%**

COMPAGNIE GENERALE DES ETABLISSEMENTS MICHELIN "B" .....	1,600	\$ 183,856
DEUTSCHE LUFTHANSA A.G. (a) .....	DM552,000	292,339
FAMOUS PLAYERS CANADIAN CORP. LTD. ....	1,000	33,410
FIAT S.p.A. ....	20,000ADR	87,000
I.T.L. INDUSTRIES LTD. (a) .....	3,000	105,810
RANK ORGANISATION 'A' .....	60,000	370,200
REXALL DRUG & CHEMICAL COMPANY .....	4,000	162,000
RONSON CORPORATION .....	4,000	105,000
S.A. FRANCAISE DU FERODO .....	1,017	48,775
TELEDYNE, INC. (a) .....	600	67,275
THOMSON NEWSPAPERS LIMITED .....	5,000	141,550
		<u>1,597,215</u>
<b>TOTAL COMMON STOCKS 83.5%-----</b>		<u><b>8,478,845</b></u>

**PREFERRED STOCKS**

LA RINASCENTE PER L'ESERCIZIO DI GRANDI MAGAZZINI S.p.A. ....	108,000	44,280
ING. C. OLIVETTI & CO., S.p.A. (PRIVILEGED SHARES) .....	42,000ADR	212,940
<b>TOTAL PREFERRED STOCKS 2.6%</b>		<u><b>257,220</b></u>
<b>TOTAL STOCKS 86.1%</b>		<u><b>8,736,065</b></u>



# INVESTMENT PORTFOLIO

IN UNITED STATES DOLLARS

JULY 31, 1967

	PRINCIPAL AMOUNT	MARKET VALUE
<b>CONVERTIBLE DEBENTURES: 6.4%</b>		
BEECHAM INTERNATIONAL HOLDINGS S.A. 5½%, DUE JULY 31, 1981 .....	\$ 450,000	\$ 569,813
COMPAGNIE DE PRODUITS CHEMIQUES ET ELECTROMETALLURGIQUES PECHINEY 4¾%/6% DUE JANUARY 1, 1980 .....	FF112,400	22,137
S.A. FRANCAISE DU FERODO 5%/6%, DUE FEBRUARY 1, 1979 .....	FF67,800	13,239
SOCIETA GENERALE IMMOBILIARE DI UTILITA PUBBLICA ED AGRICOLA 6%, DUE JULY 1, 1985 .....Lit 12,500,000		39,125
		<u>644,314</u>
<b>SHORT-TERM CORPORATE NOTES</b> (payable in U.S. dollars): 5.9%		
EXPORT FINANCE CORPORATION OF CANADA LTD. 4½%, DUE AUGUST 4, 1967 .....	\$ 100,000	100,000
CANADIAN IMPERIAL BANK OF COMMERCE 4¾%, DEPOSIT RECEIPT .....	100,000	100,000
BANK OF NOVA SCOTIA 4 15/16%, DEPOSIT RECEIPTS .....	400,000	400,000
		<u>600,000</u>
<b>TOTAL INVESTMENT</b>		
<b>SECURITIES 98.4%</b> .....		<u><u>\$9,980,379</u></u>

The majority of the investment securities are listed on Canadian and foreign stock exchanges and are valued on the basis of reported sales on July 31, 1967, or, if no sale is reported, at a price between the bid and asked price. Over-the-counter quotations are used in the absence of stock exchange quotations. Foreign currencies have been expressed in U.S. dollars at the current free rate of exchange on July 31, 1967.

Symbols under captions "Number of shares" and "Principal amount" are:

FF—French Franc

DM—Deutsche Mark

FL—Guilder

ADR—American Depositary Receipt

Lit—Lire

(a)—Securities on which no dividends or interest were paid during the preceding twelve months.

The cost of investment securities owned at July 31, 1967 for United States income tax purposes aggregated \$8,578,131.



# FINANCIAL STATEMENTS

IN UNITED STATES DOLLARS

JULY 31, 1967

## ASSETS

Investment securities — at market value (identified cost \$8,578,131)  
(see accompanying schedule):

Stocks —

Canada .....	\$ 2,990,765
Netherlands .....	586,965
France .....	514,164
Germany .....	673,611
Italy .....	649,464
United States .....	2,186,375
Japan .....	412,000
Sweden .....	352,521
United Kingdom .....	370,200

8,736,065

Convertible debentures .....	644,314
Short-term notes .....	600,000

Total investment securities ..... 9,980,379

Cash ..... 542,095

Dividends and accrued interest receivable ..... 36,587

Accounts receivable for investment securities sold ..... 38,583

10,597,644

## LIABILITIES

Accounts payable:

For shares redeemed .....	\$ 16,381
For investment securities purchased .....	420,206
Other .....	13,084

Canadian income taxes payable (note 1) ..... 2,606 452,277

Net assets applicable to 1,696,074 capital shares  
outstanding, equivalent to \$5.98 per share ..... \$10,145,367

## CAPITAL SHARES AND SURPLUS

Capital shares (note 2):

Authorized — shares of par value \$1.00 Canadian  
1,000 deferred shares  
10,000,000 common shares (less 3,126,019  
shares redeemed and cancelled)

Outstanding — 1,696,074 common shares ..... \$ 1,598,117

Surplus:

Paid-in surplus .....	\$7,344,779
Undistributed net income .....	575,071
Accumulated realized loss on sale of investments .....	<u>(774,848)</u> <u>7,145,002</u>

Total capital shares and surplus ..... 8,743,119

Unrealized appreciation of investments ..... 1,402,248

Net assets applicable to outstanding shares ..... \$10,145,367

On behalf of the Board:

Alex McD. McBain, Director

Rodney S. C. Donald, Director

(See notes to financial statements)



**FINANCIAL STATEMENTS**  
IN UNITED STATES DOLLARS

FOR THE YEAR ENDED  
**JULY 31, 1967**

**INCOME:**

Dividends .....	\$ 209,951
Interest .....	66,745
	<u>276,696</u>

**EXPENSES:**

Management fees (note 3) .....	\$ 48,388	
Directors' fees .....	16,000	
Custodian fees .....	9,665	
Printing and stationery .....	6,686	
Legal and audit .....	5,797	
Transfer agent and registrar fees and expenses ....	3,250	
Expenses otherwise unclassified .....	3,315	93,101
Income before taxes on income .....		<u>183,595</u>
Foreign income taxes deducted at the source .....	25,440	
Provision for Canadian income taxes (note 1) .....	22,560	48,000
Net income .....		<u>\$ 135,595</u>

**INCOME AND  
EXPENSE**

**GAIN ON SALE OF  
INVESTMENTS**

Proceeds from sales (excluding short-term corporate note redemptions) .....	\$3,765,367
Aggregate cost (identified cost basis) .....	<u>3,639,154</u>
Net gain .....	<u>\$ 126,213</u>

Use of the average cost basis would have  
resulted in a net gain of \$79,090.

**UNREALIZED  
APPRECIATION OF  
INVESTMENTS**

Unrealized depreciation at beginning of year .....	\$ 54,897
Unrealized appreciation at end of year .....	<u>1,402,248</u>
Unrealized appreciation during the year .....	<u>\$1,457,145</u>

(See notes to financial statements)



**FINANCIAL STATEMENTS**  
IN UNITED STATES DOLLARS

FOR THE YEAR ENDED  
**JULY 31, 1967**

**STATEMENT OF  
CHANGES IN  
NET ASSETS**

NET ASSETS AS AT JULY 31, 1966:

Capital .....	\$9,780,145	
Undistributed net income .....	696,141	\$10,476,286

INCOME:

Net income for the year .....	135,595	
Dividends paid in cash (7¢ per share) .....	(137,826)	
Undistributed net income included in the price of shares redeemed .....	(118,840)	(121,071)

CAPITAL:

Cost of 371,780 capital shares redeemed (exclu- sive of \$118,840 allocable to undistributed net income) .....	(1,793,206)	
Realized gain on sale of investments .....	126,213	
Unrealized appreciation of investments .....	1,457,145	(209,848)

NET ASSETS AS AT JULY 31, 1967:

Capital .....	9,570,296	
Undistributed net income .....	575,071	\$10,145,367

(See notes to financial statements)

During the year ended July 31, 1967 payments to affiliated persons were as follows:

Directors' fees aggregated \$16,000. Certain officers and directors of United Funds Canada-International Ltd. were affiliated with the following organiza-  
tions to which payments were made during the period—management fees to  
United Funds Management Ltd. of \$48,388, legal fees to Valicenti Leighton  
Reid & Pine of \$366 and to Campbell, Godfrey & Lewtas of \$1,476 and brokerage  
commissions to Dominion Securities Corporation Limited of \$2,169.

In the year ended July 31, 1967 the company purchased securities totalling  
\$5,323,840 as follows:

Short-term notes .....	\$2,704,471
Stocks .....	2,619,369
	<u>\$5,323,840</u>

**SUPPLEMENTARY  
INFORMATION**

# AR01 DIRECTORS

SIR HENRY TUCKER Hamilton, Bermuda	CHAUNCEY L. WADDELL New York, N. Y.
RODNEY S. C. DONALD Toronto, Ontario	ROBERT F. LYNCH New York, N. Y.
WILLIAM C. CATES New York, N. Y.	GEORGE P. RUTHERFORD New York, N. Y.
JOE JACK MERRIMAN Kansas City, Mo.	ALLEN J. NIX New York, N. Y.
HENRY R. JACKMAN, Q.C. Toronto, Ontario	GRAHAM M. MacLACHLAN Toronto, Ontario
RICHARD O. LOENGARD New York, N.Y.	HON. JAMES E. PEARMAN Hamilton, Bermuda
DOMINIQUE de GRIEGES Paris, France	ROBERT E. HENTSCH Geneva, Switzerland
SIR ANTHONY HORNBY London, England	JAMES W. ANGELL New York, N. Y.
BONNY H. BONCOMPAGNI New York, N. Y.	GABRIEL NEUMANN New York, N. Y.

ALEX McD. McBAIN  
Toronto, Ontario

## OFFICERS

CHAUNCEY L. WADDELL President	ALEX McD. McBAIN Vice-President
RODNEY S. C. DONALD Exec. Vice-President	RALPH HORNER Vice-President
ROBERT F. LYNCH Vice-President	JOHN M. GODFREY, Q.C. Secretary
JOHN WM. GALBRAITH Vice-President	WILLIAM R. MILLER Treasurer

INVESTMENT MANAGER  
UNITED FUNDS MANAGEMENT LTD.  
Toronto

UNDERWRITER  
WADDELL & REED, INC.

Kansas City

New York

LEGAL COUNSEL  
CAMPBELL, GODFREY & LEWTAS  
Toronto

VALICENTI LEIGHTON REID & PINE  
New York

CUSTODIAN  
THE CHASE MANHATTAN BANK  
New York

TRANSFER AGENT and REGISTRAR  
COMMERCE TRUST COMPANY  
Kansas City

AUDITORS  
ARTHUR YOUNG, CLARKSON, GORDON & CO.  
Toronto

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*Feb*



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